7UXVW 5HSXWDWLRQ HOD DD QRU%LQGV OQHHU\RSXF WL

/HVOH\ &KLRX
'HSDUWPHQW RI (FRQRPLFV
2FFLGHQWDO &ROOHJH
/RV $QJHOHV &$ 86$

-HQQLIHU 3DWH
'HSDUWPHQW RI (FRQRPLFV
/R\RO 0DU\PRXQW 8QLYHUVLW\
 /08 'ULYH 6XLWH
/RV $QJHOHV &$ 86$
MHQQLIHU SDWH#OPX HGX

:H XVH WUDQVDFWLRQV IURP D GLV\WLWOHFW¶LYH RQOLQH
DXFWLRQV WR H[DPLQH WKH UROHVEKLDGVGLWUQXVW SOD\
EHKDYLRU ZKHQ WKH H[DFW FKDUDFWGHHDULWWLFV RI D
SXUSRVHIXOO\ FRQFHDOHG IURP EX\HUVDOO VKRZ WKD
WUXVWLQJ RI VHOOHU FODLPV LQ URGHSXOHDWWLRRDQQ VDFW
EHFRPH VLJQLILFDQWO\ PRUH LPSRUWWDKQHLWR EX\HUV
ELGV ZKHQ WKH TXDOLW\ RU YDOXXHLIQGLWQKJHV JRRG LV
FDQ EH H[WUDSROEDUWRHDGG HVWR IRRQ QRGPLUFG GPQOLFDWLRQ
EHKDYLRU LPSDFWHG E\ WUXVW VRXFKHUDVLGGLIQQDQFLDO
PD\ OHDG WR SULFH EXEEOHV

.H\ZRUGV H FRPPHUFH DXFWLRQVUHSXLWWDFWLURGQV ILQDQFLD

6XEMHFW FODVVLILFDWLRQ FRGHV /   /   '

&RUUHVSRQGLQJ DXWKRU

'You are bidding on 1 of 8 gift cards that have been sealed in separate envelopes and mixed. There are two $50.00 gift cards, two $100.00 gift cards, one $120.00 gift card, and one $350 gift card.

The winning bid for the auction was $247.50. The winner of the auction was the seller.' *-eBay blogger* D Y L R U

7 U X V W   D Q G   U H S X W D W L R Q   S O D \   D   S H U P D L L F N H O V W V O \ I P S

L Q I R U P D W L R Q   D E R X W   W K H   V H O O H U   E X U H T X D P X V V   R I H O   K R Q

U H S X W D W L R Q   V L J Q D O H U   V   W R   S H U F K L H   V H H D Q J R R Y H G O   : H D X W H D   V H

W U D Q V D F W L R Q V   I U R P   R Q O L Q H   P \ V W H U \ D D X G F W L R R Q L V W W L R P S H D F

E L G G L Q J   E H K D Y L R U   Z K H Q   W K H   F K D X U O O V F R Q F H D O G R I   D   J R R

2 X U   V W X G \   L V   U H O D W H G   W R   S U H Y Q L R R X Q O Z R U H N P R Q M W U X V V

W K D W   I L Q G   L Q F R Q F O Q X V K H Y V H K H Y U L G H O G H W D Z L R O V E U H V F W H L V H   D

S U H P L X P   - L Q   D Q G   . D W R   5 H V Q L E N D D O Q G G = H O R N K D X V H U

/ X F N L Q J   5 H L O H \   H W   D O   % D   D Q G   3 D Y O 7 K R X L V   S D S S H H U V Q L F

D O V R   U H O D W H G   W R   U H V H D U F K   R O Q U U N H H W W D L 3 O D W L H V Z I F H D Q J H U L J Q   V

& K L R X   D Q G   3 D W H   D V   Z H O O   D W V W P R H H W U O L W W D O I O Q G G W X L V W F O R R Q V X

$ N H U R I   2 X U   V W X G \   K D V   W K J H I R R I U V D L Q O G O L F N U V H F D G W G   F R R Q   S W D U J H

E H W Z H H Q   D X F W L R Q V   I R U   J L I W   F D U G V V R R Y N H O R R Z Q K E L Q P G V X W Q O K H N U L Q Q

D X F W L R Q V   W K H P V H O Y H V   H [K L E L W   O D R U V W X L Q J   G D H O J J U R H Z H L V Q J R I X V Q

D Q D O \ ] H   W K H   H I I H F W V   R I   P R U H   R K D O Y H R V   D L Q Q G G R W R R E L \ W R L X R V Q F R

* L I W   F D U G V   D U H   X Q L T X H O \   Z H O O V W X L H W \ K H G E L R W U Q O W R R K R R W   K H U V H H T X U

G L I I H U H Q W L D W L R Q

2 X U   U H V X O W V   G H P R Q V W U D W H   W K D W W L O Q W L Q R Q L Q O Q H I O E O L H H G L U G V H T U

F O D L P V   E X W   U H S X W D W L R Q   L V   P R U H U V D L H H O O H I H Q D Y O Q W R W R Q R H E X W H V U V E

P \ V W H U \   D X F W L R Q V   V H O O H U V   Z L W K S H U U F R H Q W J S D U W H L P Y H X P D R V Q L V

&RPSDULQJ WKH VDOH SULFHV QRRUWPOHV LPRDQ[LLPRXP

)LJXUH   VXJJHVWV WKDW KRQHVW\ HSOHFWHUHG ZHRXLOOGGL QLLWXHLQ'

PDUNHW WKH UHSXWDWLRQ V\VWHP RQ H%DX\ZHDQVWGVHHVOOQOOHHUJ' E\R

DOORZLQJ EX\HUV WR OHDYH SRVNLWWRULVHD QLHHYJHHDQV WLWYUHH QRRVLD FRQW

$ SRVLWLYH IHHGEDFN LQFUHDVHV D VHQHHOOXOOHHUULJ¶V UDWLQJ E

ZKLFK DUH REVHUYDEOH RQ WKH VHOOHU¶V IHHGEDFN SDJH

%X\HUV DSSHDU WR LQFRUSRUDWH GHVUVHSRSHUWFHHGQ LWQQRRUL UPD

DXFWLRQV HQG ZLWWKK OVD ZLVQOOQQHHLLQQVJMPDVWK LKGPPXXPPV KE\I OUXHHS RSOOWWWHHG

VKLSSLQJ KDQGOLQJ :LQQLQJ ELGLGPGVHURMI DHKXFFHWVULRRLQQOV\ WUHHVSRRXVWV

D PLQLPXP YDOXH   SHUFHQW HQ% ZLWKVKPDQZLLPXQOPLQJ ELG V

UHSRUWHG YDOXHRE6VOHHQUFYHH ZHH EFXXD\OGHG LQ RWQRPWHQDHV\ VPWXLR WDSOOOOWWKH

UHPDLQLQJ DXFWLRQV PD\ KDYH HQ LGHGP X PVWKD O IXOHQLIQD ELG

KLJKHU ELG ZDV UHTXLUHG WR ZLOO RWZKHU DEXFFXQLGRQH V PWDLPPDQWJH

7KH P\VWHU\ HOHPHQW IRUFHV ELGRIGHWKHWR RFWMHDU\H

EDVHG XSRQ OLPLWHG LQIRUPDWLRRFQWL)ROORWV \USSSRUHQ ERWWK

PLQLPXP DQG PD[LPXP YDOXH 2I WKHWVKH DXEWGROVKDW SOH

VWULFWO\ EHWZHHQ WKH UHSRUWHG SWVLXQLUFHXFKHQ LS[WDOLQLRXV

ZKLFK EX\HUV ZHLJK WKLV LQIRUPH WWLKRDOQW ZHKHFDZOLFXQGOLDQWHS U

LQFOXGLQJ SOXV VKLSSLQJ KDQGOPQ[LJ LPOXOLH Y DEOHXHZHHQ WK

$$\text{percentage bid} = \frac{\text{price} - M\ L\ value}{M\ D\ value - M\ L\ value}$$

7KH DYHUDJH ZLQQLQJ SULFH OLHV DWSKHUPR[LOPQIDDWXHPOPDQGSH

PD[LPXP WKXV EX\HUV GR QRW SODDFHPHKLLPJKWDZDOKXHHLKW RQ WK

5HVXOWV

:H ILUVW UXQ D KHGRQLF UHJUHVVLVQJLQ JRRSQIULRFHVRKHDXOFORWLJRDROG

i at time W

O Rpulce_{ft} L L ORJ PD[ORJ PLQORFDUGV Lno PD[Lno PL QLnoncards

L O RHHGEDFN Lneg X_{it} L L_{it}

ZKHpulce LV WKH ZLQQLQJ SULFH RI WKHLSDSXEWOLRKOODQGHOLQZLQQ

max LV WKH UHSRUWHnGn PLDL[ULPHXSPRVWDVOHXGH RFDoQGVLPLXP WDKOHX H

QXPEHU RI FDUG VnoXnSaxIRVL DDXFFXWPLRFRQYDULDEOH WKDW HTXD

PD[LPXP YDOXHnoLMVnULNVSRUGWXFHP\ YDULDEOH WKDW HTXDOV R

$OWKRXJK ZH GR QRW REVHUYH ULEVLGGVSUHHIHURFROSGVEHHH[SFODDULDWFWO\HUZLLQ]G
H[KLELELWLQJ ORZHU OHYHOV RI ULVNW DYKHHUVLRQGLQWKVDDDQUGQRWZKXLVQ GUQQYHEQL
SDUWLDOO\ E\ WKH ULVN SUHIHUHQFHV RI WKH EX\HUV LQ WKH PDUNH

$XFWLRQV ZKHUH WKH UHSRUWHG PLSQLLPFXHP WKDEQHOLRZQ QURH-

PLQLPXP LV UHSRUWHG

:H GRFXPHQW D QRQ OLQHDU UHODWFLRRPGSVOKHLWSHEGHHWWZVHHG

RI LQIRUPDWLRQ K$UEHRVYKHROGFHDUWDPLLQQLWPXP YDOXH D

& R Q F O X V L R Q

0 \ V W H U \   D X F W L R Q V   S U R Y L G H   D   Q R Y H K O D Y H L Q R Y L U U P Q G G P H U Q W

D V \ P P H W U L F   L Q I R U P D W L R Q   + R Z H Y H U P H V W H H Q U X Q G H W V D L Q Q R Y

E X \ H U V   D U H   J H Q H U D O O \   W U X V W L Q J   R H U V H O O H U   F O D L P V $

5HIHUHQFHV

$NHUORI *   ³7KH 0DUNHW IRU D/RQGRWQKH40DUNLHWWV 8QFH
0HFKDQLVP ´